



Palm Positive Update – August 2025 Scope - H1 2024

TOP LINE PALM POSITIVE UPDATES ¹
Deforestation and Conversion-Free (DCF) Palm Oil ² : 100%
Palm Oil Traceable to Mill (TTM): 100%
Palm Oil Traceable to Plantation (TTP): 95.8%
Roundtable on Sustainable Palm Oil (RSPO) ³ <ul style="list-style-type: none">Physically Certified: 99.8%RSPO Book & Claim/Credits⁴: 0.2%
Number of Tier 1 (T1) Palm Oil Suppliers: 21
T1 Palm Oil Suppliers engaged on No Deforestation, No Peat, and No Exploitation (NDPE) and Consumer Goods Forum Forest Positive Coalition (CGF FPC) Asks and Commitment ⁵ : 100%
Number of Mars Funded Smallholder and Landscape Programs in progress: 3
Number of Palm Smallholders Reached by Mars Funded Landscape Programs: 2,454

¹ Includes palm oil and palm kernel oil, that Mars buys from its T1 palm oil suppliers during the reported measurement period. The reported results exclude palm oil derivatives, certain materials with trace amounts of palm oil, and palm oil ingredients used by certain business acquired by Mars and by certain co-manufacturers and licensees of Mars branded products. Some palm oil used in certain markets is purchased under a “mass balance” supply chain. “Mass balance” volumes are traced to the mill, and we leverage our service providers Earthworm Foundation and Earthqualizer to map, monitor and manage any deforestation alerts that are associated with plantations linked to these mills.

² Mars applies a deforestation cut-off date of December 31, 2015, in alignment with the [Consumer Goods Forum FPCoA methodology](#) and industry best practice.

³ For further details on “RSPO physically certified palm oil”, please click on this hyperlink: [Supply chains - Roundtable on Sustainable Palm Oil \(RSPO\)](#).

⁴ Under the RSPO “Book & Claim/Credits” method, Mars buys RSPO Credits and RSPO Independent Smallholder Credits from RSPO certified palm growers, crushers and independent smallholders. By purchasing RSPO Credits and RSPO Independent Smallholder Credits, Mars is permitted by RSPO to claim credit for encouraging the production of a specified volume of RSPO certified palm oil. Mars does not receive an actual volume of RSPO certified palm oil in the percentage reported under the RSPO “Book & Claim/Credits” method. For further details RSPO “Book & Claim/Credits” method, please click on this hyperlink: [Supply chains - Roundtable on Sustainable Palm Oil \(RSPO\)](#).

⁵ For further details on the “NDPE and CGF FPC Asks and Commitment”, please click on these hyperlinks: [Presentación de PowerPoint](#); [2021-Guidance-for-FP-Palm-Oil-OBM-Suppliers.pdf](#)

The Journey So Far

In 2019, we proudly launched our [Palm Positive Plan \(the “Plan”\)](#), a transformative initiative with a bold aim: to achieve 100% deforestation and conversion-free palm oil by the end of 2020, while helping our T1 suppliers to advance human rights across their palm oil supply chains. In 2020, we announced that we had reached our goal of deforestation and conversion-free palm oil and, for the first time, in an act of transparency, published a list of our T1 palm oil suppliers and mills. Our deforestation and conversion-free milestone is based on the mapping, management, and monitoring of our palm oil supply chain, with independent third-party verification by Earthworm Foundation (EF) and Earthqualizer (EQ) of the palm oil purchased by Mars from its T1 palm oil suppliers.

By putting the Plan into action, we have been able to execute mill simplification resulting in a significant reduction in the number of mills associated with our supply chain. This approach enables us to work more closely with our T1 palm oil suppliers in the Mars palm oil supply chain who are committed to driving improvements in environmental protection and working conditions in their own operations, and in palm oil mills and on palm plantations within their own supply chains. We recognize that this risk management approach is not possible without strong collaboration with our suppliers; we continue engaging with our T1 palm oil suppliers and encouraging their collaboration with palm oil mills and palm plantations in their palm oil supply chains. In addition, we continue to engage with our T1 palm oil suppliers to help them enhance their capabilities in monitoring and eliminating deforestation and natural ecosystem conversion, while also helping them address and prevent human rights risks in their global palm oil supply chains beyond just the volume of palm oil purchased from them by Mars.

The Plan covers all palm oil and palm kernel oil purchased directly by Mars, and our commitments are aligned with the [Palm Oil Roadmap](#) of the [CGF FPC](#) and the Palm Oil Project of the [CGF Human Rights Coalition](#).

2024 UPDATE

The Plan continues to deliver deforestation and conversion-free palm oil through our mapping, management, and monitoring process. We are also making progress in advancing our human rights agenda, which includes advocacy for fee-free palm oil supply chains, by working closely with key T1 suppliers.

Supplier Engagement and Capacity Building: Since 2023, we initiated a contracting process that resulted in awarding multi-year business to suppliers based on their alignment to and performance against the Mars Principles and Criteria (P&C). Through this process, in 2024, we deepened our strategic engagement with suppliers in two key areas: enhancing grievance management and addressing unethical recruitment fees paid by migrant plantation workers in Malaysia. Building off our efforts in 2022, which resulted in approximately \$5.6M in fees being repaid to nearly 3,000 people in Malaysia, we established ongoing gap assessment and capacity building initiatives with three additional palm oil suppliers, in collaboration with Dignity in Work For All (DIWA). While this work is ongoing, in 2024, we provided training and consultation sessions for these suppliers, on top of assistance with assessment, gap closure, and human rights policy review and development. Our capacity building sessions reached a total of 253 workers, staff, and operational management personnel.

We also took steps to further review and enhance our grievance management mechanism. This work resulted in an updated Mars Grievance Management Protocol, guided by the CGF FPC's Deforestation Monitoring and Response Framework. Additionally, we also developed a more structured grievance monitoring mechanism and increased the frequency of our supplier engagement for case investigations, to ensure timely interventions and case resolutions.

Industry Leadership and Advocacy: We continue to strive for strong industry leadership on human rights and ethical recruitment through the RSPO and CGF Working Groups. As one of two Consumer Goods Manufacturer representatives on the [RSPO Standards Review](#) Task Force, we vocally advocated for the strengthening of human rights and forced labor-related aspects of the RSPO Principles & Criteria (P&C) during its revision process. In November 2024, [RSPO members voted to adopt the 2024 RSPO P&C](#). The adoption marks hard-earned advancements in our advocacy for fee-free palm oil supply chains. In 2024, we continued our advocacy by actively

sharing our learnings and contributing to the development of the RSPO Guidance for the Repayment of Recruitment Fees and Related Costs through the RSPO Labour Subgroup.

In addition, as part of our advocacy efforts, Mars and other CGF members engaged several key Malaysian ministries to promote responsible recruitment pathways. Mars also continues supporting the CGF People Positive Palm (P3) supplier capacity building activities in Malaysia and Indonesia, organized by the coalition in partnership with Fair Labor Association (FLA). In 2024, the CGF P3 initiative successfully held two in-person events for government engagement, trained 44 private recruitments agencies in Malaysia and Indonesia on ethical recruitment, and conducted two training sessions for Malaysian suppliers. In addition, P3 also organized a Pre-Departure Orientation Training of Trainers session that was attended by five Malaysian palm suppliers, as well as 64 participants from the government and civil society organizations.

Landscapes and Smallholder Initiatives: In May 2021, Mars in collaboration with the Livelihoods Fund for Family Farming (L3F) announced the funding of a 10-year project as part of its continued commitment to help [2,500 smallholder palm oil](#) farmers achieve sustainable livelihoods in North Sumatra, Indonesia. Along with partners Danone and L'Oréal, supplier Musim Mas and implementing partner SNV, the L3F palm project aims to regenerate 4,000 hectares of palm farms in degrading farmland areas, while restoring an additional 3,500 hectares of local biodiversity.

Through this collaboration, we supported the development of an innovative model that produces high quality organic fertilizers on an industrial scale. In 2024, the first project cooperative was established to continue delivering these fertilizers to project participants at a discounted rate (40% below market rate). The current composting facility set up by the project is supplying high quality organic fertilizers to approximately 1,250 smallholders, with the aim to eventually supply 2,500 smallholders in the project area.

Since the project launch in 2021, the program has successfully enrolled 1,181 farmers, with 932 farmers receiving certification and earning RSPO premiums. These farmers cover 2,140 hectares (ha), of which 2,031 ha have been transitioned to regenerative agriculture practices. To further strengthen our support, Mars also purchased 100 Independent Smallholder (ISH) CPO credits and 100 ISH PKO credits from the L3F program to fulfil some of our 2024 RSPO credit needs.

Please refer to Page 6 for more information on this program and our other landscape initiatives.

Simplification and Transparency: We were able to purchase the vast majority of our palm oil and palm kernel oil in 2024 via our simplified mill list despite supply chain complexities. A small amount of deforestation and conversion-free palm oil, representing around 3% of our total procurement, was purchased from additional mills. These additional purchases also undergo mapping, management, and monitoring with independent third-party validation. Please see our H1 2024 T1 supplier and simplified mill list [here](#).

Complex Derivatives: While not yet in scope of the Plan, we have also begun to map and account for palm derivatives. Derivatives are complex products produced by further fractionation and refining of palm oil or palm kernel oil. In the interest of transparency, we have included known derivatives volumes in our 2024 RSPO Annual Communication of Progress Report and covered this volume by RSPO credits to ensure our supply remains 100% RSPO-certified. Our goal is always to physically certify where possible, and we are actively working towards increasing the percentage of our derivative supply chain that meets this standard.

In collaboration with EF, CGF, and other industry groups, we are also working towards a common vision for increasing the traceability, monitoring, and DCF status of complex derivatives. As a first step, we worked with EF in 2024 to launch a traceability pilot with our derivatives supply chain, to inform industry readiness and the next steps.

See more detail below on our overall Palm Positive approach and our 2024 progress.

SUPPLIER PERFORMANCE MANAGEMENT

At Mars, we have established our own comprehensive P&C to set expectations and assess the performance of our suppliers. The P&C is built based on our internal sourcing guidelines and in alignment with the ambitious targets set by the CGF FPC.

Our P&C is designed to help ensure the robust implementation of the NDPE policies while meeting specific CGF requirements for palm oil. This includes having effective monitoring and verification systems in place, a solid grievance management framework, human rights managements systems, engagement with smallholders, and collection of other critical information.

To keep our suppliers accountable and on track, we created the Mars Palm Positive Supplier Scorecard, a performance assessment tool that helps us manage our supply base and monitor progress in achieving our Palm Positive goals. We conduct structured supplier scorecard discussions twice a year, in close collaboration with our Sourcing team. During these sessions, suppliers are assessed on their sustainability performance as well as other commercial criteria. If a supplier doesn't meet the criteria outlined in the Scorecard, we engage with them to outline necessary improvements, providing specific timelines for gap closure. If a supplier repeatedly fails to meet our requirements, we take further actions up to and including removing them as a T1 supplier.

Example of the Mars Palm Positive Supplier Scorecard

Supplier	Policy	Transparency	Monitoring & Verification	Grievance System & Management	Transformation Commitment in Landscapes	Management of Labor Risk in Extended Supply Chain
Company A						
Company B						
Company C						
Company D						
Company E						
Company F						

Continued Engagement

Suppliers phased out after repeated failure to comply with Mars P&C

100% of our T1 suppliers have been engaged on the Mars Palm Positive P&C, as well as CGF FPC Asks and Commitment. Our approach is to award higher volumes to T1 suppliers scoring higher on the scorecard, while companies with lower scores are engaged further to foster improvement or, if needed, phased out of the Mars palm oil supply chain. Our contracting process in 2024 resulted in awarding multi-year business volume to suppliers

based on their alignment to and performance against the P&C. In addition, we are actively engaged in CGF's ongoing efforts to improve best practice for assessment and reporting and will continue to align our P&C to any new supplier expectations.

SUPPLIER ENGAGEMENT & CAPACITY BUILDING

In 2017, Mars began partnering with Verité and our supplier, Wilmar, to explore how businesses within the palm oil supply chain can better understand, address, and prevent human rights risks, with a focus on forced labor. Building on this, we also funded the launch of a new, customized [Toolkit for Palm Oil Producers on Labor Rights](#) in partnership with Verité and DIWA, formerly Verité Southeast Asia in 2021.

In 2022, we deepened our collaboration with suppliers to support their efforts to advance respect for human rights. This work resulted in the repayment of approximately USD \$5.6 million to roughly 3,000 migrant workers, and in the facilitation of zero-fee recruitment of hundreds of migrant workers in 2023. In 2024, we established comprehensive systems assessment and capacity building initiatives with three palm oil suppliers in Malaysia, in collaboration with DIWA. These programs are focused on understanding and remediation of worker-paid recruitment fees, and implementing responsible recruitment practices.

Our programs begin with a diagnostic evaluation and comprehensive onsite assessment by DIWA. Once this is completed, DIWA conducts a systems improvement planning workshop for suppliers, to discuss the root causes of the risks/gaps identified and support them in developing a corrective action and remediation program (to correct the past) and a systems improvement plan (to risk-proof the future). Suppliers are also trained by DIWA in embedding human rights and emerging legal requirements on social responsibility, internationally recognized standards and expectations on Human Rights Due Diligence (HRDD), root cause analysis, and principles of effective remediation.

Through our partnership with DIWA, we provided training and consultation sessions for these suppliers, on top of assistance with assessment, gap closure, as well as policy review and tools and procedures development. Our interactive capacity building sessions in 2024 reached a total number of 253 workers, staff, and operational management personnel.

We continue to make progress on the issue of responsible recruitment, engaging and contracting key suppliers on plans to scale responsible recruitment practices as part of multi-year business partnership. More information on our human rights work and our efforts to address modern slavery can be found [here](#).

We also took steps to further review and enhance our grievance management mechanism in 2024. This work resulted in an updated Mars Grievance Management Protocol, guided by the CGF FPC's Deforestation Monitoring and Response Framework. Additionally, we have also developed a more structured grievance monitoring mechanism in 2024 and increased the frequency of our supplier engagement for case investigations, to help ensure timely interventions and case resolutions.

We are proud of the journey that these suppliers have taken with us and the milestones reached to date.

INDUSTRY COLLABORATION

Mars is committed to sharing our learnings along the way through regular public updates and engagement in industry forums. In 2022, we took on a leadership role with the **CGF Palm Oil Working Group** to support new [Guidance on the Repayment of Worker-paid Recruitment Fees and Related Costs](#), which was informed by our experience working with suppliers support them to remediate worker-paid fees.

We also continue to strive for strong industry leadership on human rights and ethical recruitment. As one of two Consumer Goods Manufacturer representatives on the [RSPO Standards Review Task Force](#), we vocally advocated for the strengthening of human rights and forced labor-related aspects of the RSPO P&C during its revision process. This was informed by our experience working with suppliers to remediate worker-paid fees in our own supply chain.

In November 2024, [RSPO members voted to adopt the 2024 RSPO P&C](#) during the 21st RSPO General Assembly (**GA21**). The adoption marks a big win in our advocacy for fee-free palm oil supply chains, as the revised RSPO P&C requires companies to conduct HRDD assessments, as well as repay active workers (as of, and from, the adoption date of the RSPO P&C 2024) who have paid recruitment fees or related costs.

In 2024, we continued our advocacy on this topic by actively sharing our learnings and contributing to the development of the RSPO Guidance for the Repayment of Recruitment Fees and Related Costs through the RSPO Labour Subgroup. This initiative aims to develop stepwise guidance and provide practical tools in supporting the repayment of recruitment fees and related costs. The RSPO Human Rights Working Group (**HRWG**), through its Labour Subgroup, will develop the guidance with facilitation from the RSPO Secretariat.

In addition, as part of our advocacy efforts, Mars and other CGF members engaged several key Malaysian ministries to promote responsible recruitment pathways. Mars also continues supporting the **CGF P3** supplier capacity building activities in Malaysia and Indonesia, organized by the coalition in partnership with Fair Labor Association (FLA). In 2024, the CGF P3 initiative successfully held two in-person events for government engagement, trained 44 private recruitments agencies in Malaysia and Indonesia on ethical recruitment, and conducted two training sessions for Malaysian suppliers. In addition, P3 also organized a Pre-Departure Orientation Training of Trainers session that was attended by five Malaysian palm suppliers, as well as 64 participants from the government and civil society organizations.

Mars is also a member of the [Palm Oil Collaboration Group \(POCG\) Leadership Group](#), a strategic discussion and decision space for the POCG. We are also active participants in the **POCG Implementation Reporting Framework (IRF) Working Group** that is currently developing the updated NDPE IRF 6.0 reporting template. Today, the NDPE IRF template is a recognized, free tool that communicates progress towards compliance with companies' NDPE commitments.

LANDSCAPE APPROACHES & SMALLHOLDERS

At Mars, we recognize that to create a world in which everyone thrives, we should take a holistic approach to our sourcing decisions. We believe in making a genuine impact, as reflected in our investments in programs that help drive positive changes at the landscape level and ensure smallholder inclusion in the future of sustainable palm oil supply chains. Through the Plan, we have supported our T1 suppliers in developing programs focused on engagement with their suppliers further down the supply chain. This is a recognition of the strategic role indirect suppliers play for our T1 suppliers, and their ability to deliver forest positive solutions for our suppliers' extended supply chain. To that end, we have formed several partnerships to deliver these solutions:

Livelihoods Fund for Family Farmers, North Sumatra, Indonesia

In May 2021, Mars, in collaboration with L3F, announced the funding another 10-year project as part of its continued commitment to help [2,500 smallholder palm oil](#) farmers achieve sustainable livelihoods in North Sumatra, Indonesia. The ultimate ambition of the program is to transform the way smallholders produce palm oil through a regenerative and inclusive approach, going beyond recognized sustainability standards.

This program is brought together with Danone and L'Oréal, with Musim Mas and SNV as the entrusted project implementers. The L3F palm project helps regenerate 4,000 hectare of palm farms in degrading farmland areas, while restoring an additional 3,500 hectares of local biodiversity.

When the program began, most participating smallholders were experiencing a decline in yields, and the majority were not applying fertilizers due to the high price and loss of subsidy from the Indonesian government. Farmers were also facing high levels of soil degradation due to decades of intensive cultivation which was severely impacting productivity. To address this issue, the L3F program developed an innovative model that produces high quality organic fertilizers at an industrial scale. In 2024, the first project cooperative was established to continue delivering these fertilizers to project participants at a discounted rate (40% below market rate). The current composting facility

set up by the project is supplying high quality organic fertilizers to approximately 1,250 smallholders, with the aim to eventually supply 2,500 smallholders in the project area. The program has observed an increase of up to 80% of soil organic content and 100% in nutrient availability, at some of the best-in-class plots.

Independent smallholders in the program are also trained on regenerative agricultural practices, institutional business & development, and women empowerment. To ensure a high level of adoption, our program partners also conduct 1:1 coaching for the smallholders. Additionally, the program has also trained a cohort of highly skilled village facilitators, comprised of the farmers' family members. These facilitators are critical for training and ensuring the longevity of the initiative through knowledge transfer to future generations.

Since project launch in 2021, we have seen promising progress and uptake by the smallholders in the area. As of end of 2024:

- 1,181 farmers have been successfully enrolled with 932 receiving certification and earning RSPO premiums.
- These farmers cover 2,140 hectares (ha) of which 2,031 ha have been transitioned to regenerative agriculture practices.
- 134 ha of smallholder palm farms have adopted mix agroforestry management systems.
- An average of 80% of prescribed project practices are being adopted including cover cropping, mulching, organic fertilization and integrated pest and disease management.
- Landscape conservation efforts have expanded to cover a total forestland area of approximately 8,000 ha under community-based conservation effort.

In addition, in 2024, the first project cooperative was established to continue delivering high-quality organic fertilizer to project participants at a discounted rate and to provide financial assistance to farmers in support of alternative income generating activities during palm replanting phase.

To further strengthen our support, Mars has also purchased 100 Independent Smallholder (ISH) CPO credits and 100 ISH PKO credits from this program to fulfil some of our 2024 RSPO credit needs.

EF Areas for Priority Transformation (APT) Program, Aceh, Indonesia

The Leuser Ecosystem is a 2.6-million-hectare area of tropical forest located in the Indonesian district of Aceh Tamiang. Since 2016, growers, buyers and end-consumers of palm oil have been working with the local government to help protect this sensitive ecosystem and make the entire jurisdiction a sustainable sourcing origin. This jurisdictional approach focused on Aceh Tamiang was made possible due to leadership from the district government, in addition to the vital support of our experienced implementation partner, [EF](#).

In February 2021, Mars teamed up with other stakeholders in the palm oil sector to support the EF APT Program, embarking on an ambitious journey to transform Aceh's environmental landscape and protect the Leuser Ecosystem. Together, we have made significant strides, including the establishment of a multi-stakeholder forum, which is a crucial foundational element of a jurisdictional approach. Work to achieve these targets is ongoing, focusing on alternative livelihoods projects and smallholder GAP training.

This collective action has made significant progress since its inception. As of end of 2024:

- 3 district governments have formally adopted the Sustainable Palm Oil Regional Action Plans (**RAD KSB**).
- 12 villages have received assistance in drafting and enacting protection on 26,244.14 ha through formal regulation.
- 38 companies, cooperatives, and farmer groups have received training on High Conservation Value (**HCV**) identification.
- 534 farmers spread across 15 villages have received GAP training.
- 180 palm oil farmers have been engaged in agricultural diversification.
- 6 companies have achieved ISPO certification through the program's support, positively impacting the working conditions of 2,248 direct employees.

- 20,390 seedlings have been planted as a part of a tree planting initiative aimed at restoring land and livelihoods in the Pasir Belo community in Aceh.

The threat of deforestation looms beyond concessions, and there are often gaps between the local and provincial government priorities of economic development and conservation. Mars continues to support the need for greater collaboration and coordination amongst other landscape stakeholders and district and provincial entities. As an Associate Funder, as well as a sponsor to the special project in Pasir Belo, Mars' initiatives go beyond collective action by supporting supply chains in this landscape.

Coalition of Sustainable Livelihoods in North Sumatra and Aceh, Indonesia

Since 2018, Mars, in collaboration with Conservation International and other supporters, has funded the development of the Coalition for Sustainable Livelihoods (**CSL**) to advance sustainable development in North Sumatra and Aceh. CSL is a place-based platform that aims to align initiatives, financing opportunities, and market interests with local and government priorities to jointly promote livelihood benefits for farming communities.

In 2024, CSL took concrete steps to reaffirm the value of a collective action network to share knowledge and lessons learned regarding sustainable practices. Highlights in 2024 include:

- **Growing Multi-Stakeholder Engagement:** With increasing interest from local and international actors, CSL enhanced outreach efforts through stakeholder dialogues with local NGOs and other multistakeholder forums. CSL also conducted site visits to landscape models with potential members and supporters.
- **Strengthening Thematic Working Groups:** The Labor Working Group developed targeted recommendations to address critical labor issues and strengthen protection for workers, such as enhanced monitoring by the district government, formal establishment of worker employment status, and improvement of working conditions. This report is publicly accessible [here](#).
- **Expanding Platforms for Dialogue and Learning:** Through local dialogues and district exchanges between South Tapanuli and Labuhan Batu, CSL enabled practical knowledge sharing among farmers, cooperatives, government representatives, and private sector stakeholders. These events focused on successful regenerative agriculture practices, institutional capacity-building, and access to financing for rural entrepreneurs.

These achievements underscore CSL's continued commitment to fostering collaboration, scaling inclusive development solutions, and supporting sustainable, resilient livelihoods across North Sumatra and Aceh.